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**STATE TAX INCENTIVE BILL PASSES!**  
*Arizona Votes to Support Our Children's Higher Education*

**(Phoenix, AZ) July 17, 2007** – The Arizona Legislature in the 2007 legislative session passed a new incentive offering a tax deduction to Arizona taxpayers contributing to a 529 college savings plan. It was signed by the Governor last week. What does this mean for Arizona families?

The bill, revived by Speaker of the Arizona House of Representatives, James Weiers, offers an income tax deduction to Arizonans who contribute to a 529 college savings plan. This allows contributions to a 529 plan to be deducted annually from Arizona State Income Taxes. Eligible individuals who are single and/or designated as 'head of household' can deduct up to \$750 annually while married individuals filing jointly can deduct up to \$1,500 annual deduction. Arizona families can begin taking advantage of this starting January 1, 2008.

This new state tax incentive now allows Arizona residents using a 529 plan to save taxes in two ways. First, 529 plans assets grow tax-deferred and withdrawals are federal and Arizona State Income tax-free when funds are used for qualified higher education expenses. This incentive became a permanent with the passing of the Pension Protection Plan of 2006. Second, the new incentive gives families a tax benefit on the front-end when they make contributions to a 529 Plan.

"The passing of this bill is an extremely positive step for the state of Arizona and the future education of our children," states Dr. April Osborn, Executive Director of the Arizona Commission for Postsecondary Education (ACPE). "This tax incentive is a great benefit to participants of the state's 529 plan and will further drive Arizona families, not presently investing in 529 savings plans, to start saving for their child's college education. This is a tremendous achievement for Arizona and Arizona families."

Arizona's 529 College Savings plan was recently restructured in order to appeal to a wider variety of investors provides lower fees. The Arizona Family College Savings Plan is managed by three experienced and trusted financial institutions.

Participating institutions include Fidelity Investments, Waddell & Reed, and College Savings Bank. Fidelity Investments offers Age-Based, Static and Individual Fund Portfolios. The portfolios that invest in index mutual funds offer some of the lowest fees in the industry, capped at 50 basis points. There is no annual account maintenance fee, and families can open an account with a minimum initial deposit of \$50, or as little as \$15 a month if families sign up for automatic monthly deposits.

For investors looking for guidance from a financial advisor, Waddell & Reed offers customized Age-Based portfolios based at the appropriate level of risk for a beneficiary's college time horizon. The minimum contribution is \$500 or \$50 initial investment and \$25 monthly contributions. A recent addition allows investors to select among 17 individual mutual funds from the Ivy Funds family, including domestic and international equity funds, specialty funds, and fixed-income funds.

College Savings Bank provides the CollegeSure® Certificate of Deposit (CD) which is indexed to meet rising college costs. This CD provides the security of a guaranteed rate of return and FDIC insurance for the first \$100,000. This plan will accept direct deposits from bank accounts as low as \$100 or payroll deposits as low as \$25 per pay period.

**About ACPE**

The Arizona Commission for Postsecondary Education's mission is to expand access and increase success in postsecondary education for Arizona families. ACPE is the state's administrator of Arizona's 529 Savings Plan, host of College Goal Sunday and numerous other postsecondary education initiatives. For more information, call 602-258-2435 or visit the website at [www.azhighered.gov](http://www.azhighered.gov).